

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT  
PRICE ADJUSTMENT

Docket No. R2015-4

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
QUESTION 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 7

The United States Postal Service hereby provides its responses to the only question of Chairman's Information Request No. 7, issued on February 5, 2015. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 9, 2015

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 7**

1. The Postal Service adjusts its price cap calculation to account for promotional discounts that will be in effect in FY 2015 for First-Class Mail and Standard Mail. For First-Class Mail, the Postal Service calculates the price cap impact of (A) the Advanced and Emerging Technology Promotion and (B) the Color Transpromo Promotion using prices that include the exigent surcharge (*i.e.*, the prices planned in the instant docket plus the current exigent surcharge established in Docket No. R2013-11). USPS-LR-R2015-4/1, Excel file "CAPCALC\_FCM," tabs "Emerging Technology" and "Color Transpromo."
  - a. Please provide revised workpapers that use the CPI base prices to calculate the effect of the Advanced and Emerging Technology Promotion and the Color Transpromo Promotion on the price cap calculation.
  - b. Please explain how the revised price increases for First-Class Mail are consistent with 39 U.S.C. § 3622(d)(1)(A).

**RESPONSE:**

- a. Please see the Excel spreadsheet, Resp.ChIR7.Qu1.xls, which is filed with this response.
- b. The price increases for First-Class Mail using this approach are still consistent with 39 U.S.C. § 3622(d)(1)(A), because the overall price increase for First-Class Mail (tab "Percent Change Summary", cell E10) is under the annual price limitation of 1.966 percent. The Postal Service notes that this calculation (applying the promotion discount to only CPI base prices) assumes that the promotion is also reducing the Exigent surcharge for the promotion mailings, which is somewhat inconsistent with the general approach in this docket that the Exigent surcharge is unaffected by the CPI price changes.